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Article

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Export market experience, relational capital, and export performance in the context of different levels of psychic distance

Monika Sulimowska-Formowicz, Piotr Trąpczyński, Maja Szymura-Tyc

ABSTRACT

Objective: The objective of the article is to identify differences in the explanatory value of export market experience and relational capital as variables impacting export performance on markets characterised by high and low levels of psychic distance. We aimed to explore which of these resources turn out to be more useful in dealing with high and low levels of psychic distance between the exporter's home country and export markets.

Research Design & Methods: The research is quantitative and based on primary data collected from exporting firms representing different manufacturing sectors, which have a track record of export market relationships using computer-assisted telephone interviews (CATI) in 2020. We ran ordinary least squares regression (OLS) analyses with IBM SPSS 23 software.

Findings: The exporters' market-specific relational capital positively affects export performance, whereby this relationship is stronger for more distant markets. The impact of experience understood as tenure in the export market turned out to be insignificant for export performance.

Implications & Recommendations: Exporters can leverage their relational capital to enhance export market performance instead of acquiring market-specific knowledge on their own. Since an overreliance on a foreign partner's resources may prevent the development of own capabilities, an approach relying on joint experiential learning seems more advisable. Our findings also suggest that tenure in an export market in itself does not guarantee superior performance, as the learning exposure in the foreign markets has to be given.

Contribution & Value Added: We explore the relationships between a set of variables proposed by different theoretical views explaining export performance. The originality of our approach lies in the strategic optics we shed on firms' behaviour in high and low psychic distance markets. Depending on the contextual differences stemming from the level of psychic distance of markets firms strategise their presence in foreign markets deliberately relying on either their experience or market-specific relational capital.

Article type: research article

Keywords: export market performance; export experience; relational capital; relationship quality; psychic distance

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INTRODUCTION

Research on export performance seeks combinations of factors impeding or enhancing success in exporting (Trąpczyński *et al.*, 2021). While some studies have investigated the impacts of export market experience (Dikova, 2009) and relational capital (Nguyen & Nguyen, 2014) separately, there is a significant gap in understanding how these factors interact under varying levels of psychic distance. Addressing this gap is crucial as firms increasingly operate in diverse international markets where both relational resources and market-specific experiences play pivotal roles. Recent studies have underscored the need

for more integrated approaches in international business research. For example, Martínez Villar (2021) and Santangelo and Meyer (2017) have called for deeper explorations into how firms navigate complex international environments using both relational and experiential resources. Our research answers this call by analysing the relationships between a firm's export market experience (EE) and relational capital (RC) as jointly affecting export performance (EP), under conditions of different levels of psychic distance (PD) in export markets. Specifically, our objective is thus to identify differences in the explanatory value of EE and RC as variables impacting EP in markets characterised by either low or high PD. In doing so, we highlight the strategic importance of building and leveraging high-quality relationships in foreign markets, which can be especially critical in high psychic distance contexts where local knowledge and trust mitigate the liabilities of foreignness and outsidership. Moreover, our study nuances the role of export experience by showing that its impact on performance is contingent on the PD of the target market, thus offering a more refined understanding of experiential learning in international contexts. Not least, by analysing markets with varying levels of PD, we demonstrate how firms can adjust their approach to building up local knowledge based on perceived market differences, providing actionable insights for international business managers as to the reliance on foreign market partners.

In the following parts of the article, we will develop a theoretical framework based on the process models of internationalisation, the evolutionary theory, the resource-based view (RBV), and the relational view. Firstly, we will explain the relevance of EE and RC as variables determining a firm's EP and provide a number of fundamental assumptions for the ensuing analyses. Secondly, we will explain the duality of PD as a contextual factor for export activities and discuss the strategic behaviour patterns of companies coping with the negative effects of the liabilities of foreignness and outsidership in markets characterised by low and high levels of psychic distance to formulate our research hypotheses. The remainder of the article will include a presentation of variables and research method, results of analyses, findings and conclusions.

LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

Export Experience and Export Performance

The relevance of export experience for the effectiveness of firm's international activities is especially noted in the process models of internationalisation and the evolutionary view, which rely on the phenomenon of experiential learning that may result in knowledge incubation along with the ongoing presence in foreign markets.

Explaining EE determinants, the traditional Uppsala model (Vahlne & Johanson, 2017) assumes that along with growing experience in foreign markets, firms accumulate relevant knowledge, which develops firms' capacity to reduce the liability of foreignness. Export market experience brings the chance for experiential learning and development of host-market specific knowledge, which increases the quality of firm's response to market-specific risk (Martín Martín *et al.*, 2022) and is essential for understanding market opportunities and dealing with uncertainty, especially valuable in distant markets (Martinez Villar, 2021).

According to the evolutionary and organisational learning approach (Zollo & Winter, 2002) and the knowledge-based view (KBV) (Johnson & Sohi, 2003; Chen *et al.* 2014), the experience shall be internalised and transformed into organizational knowledge. Path-dependent experiential learning is the mechanism of organisational capabilities development that enables firms to effectively adapt to a changing environment (Zollo & Winter, 2002). Appropriate quality of the learning process results in a resource-based rent. This explains why EE is seen as an important asset for exporters adapting to foreign markets' requirements. Export market experience is a driver of knowledge incubation and decision-making processes, leading to opportunity recognition and minimisation of the costs of foreign market misfits (Ahi *et al.*, 2017; Santangelo & Meyer, 2017). Foreign experience also brings easiness of gathering information concerning foreign markets and facilitates the development of business networks (Chen *et al.*, 2020).

However, firms commit resources and learn about foreign markets under conditions of risk, uncertainty, and past feedback from their own structures and the environment, which may be affected by

limited rationality depending on the type of experience and market-specificity (Santangelo & Meyer, 2017). The evolutionists also point to a negative phenomenon – the ‘shadow of the past’ of experience and the ineffective learning process. Firms relying on experience tend to continue current activities and use only single-loop learning without the amendments necessary to adhere to different market conditions. Since only double-loop learning leads to competencies and actions resulting in growing effectiveness, firms stuck in the trap of past experiences do not develop in the market (Sampson, 2005).

Later versions of the Uppsala model incorporated these observations and particularly highlighted the role of experience which enhances the development of capabilities that are important for the firm’s operations and its ability to learn the right things, which leads to the right choices and effective strategies (Vahlne & Johanson, 2017).

Relational Capital and Export Performance

Developments of the Uppsala model (Vahlne & Johanson, 2017) also led to the incorporation of ideas of the network and relational views, and the assumption that inter-organisational relationships and a company’s position in networks in home and host markets may be critical resources for successful internationalisation. The relational view and RBV indicate that relational rents stem from inter- and intra-organisational structures, routines, and sequential learning processes creating path dependency advantage of resources embedded in relations supported by capital of social networks (Dyer *et al.*, 2018). According to the revisited Uppsala model, the uncertainty that underpins a firm’s internationalisation comes from both the liability of foreignness related to the psychic distance of the market, and the liability of outsidership interpreted directly as ‘lack of bridging and bonding social capital’ (Tian *et al.*, 2018). The possibility to minimise those two sources of uncertainties in foreign markets, and consequently also the firm’s international performance, depends on insidership in foreign networks. Scholars regard the liability of outsidership as a more important barrier to internationalisation than foreignness *per se*. Thus, the key determinants of international strategic advantage come from resources building firm’s relational capital abroad (Johanson & Vahlne, 2011; Vahlne & Johanson, 2017), which enhances the advantages stemming from partners’ resources, structural embeddedness in local networks and market contacts. It is thus crucial to be an insider of the right network.

Collective international experience may lead to stronger commitments in foreign markets due to more effective opportunity recognition and exploitation of new strategic options (Johanson & Vahlne, 2011; Santangelo & Meyer, 2017). Foreign RC is particularly important for firms lacking experience and their own network position abroad, and struggling from underdeveloped firm-specific advantages fitting to host markets (Ratajczak-Mrozek, 2017). Foreign RC holds host market-specific value coming from potentially separate knowledge to be accessed: market knowledge, culture-specific features of relationship management, and sources of relational rent that bring a stronger capacity to deal with the liabilities of foreignness (Ferrerias-Mendez *et al.*, 2019).

Building appropriate relational ties and trust-based interaction leads to a higher quality of relationships, which is both an input and an output of the process of cooperation. High-quality inter-organizational relationships facilitate the flow of information, influence decision-making, promote legitimacy in the environment, affecting the credibility of the parties, and support the effective use of strategic opportunities in foreign markets (Ratajczak-Mrozek, 2017; Dyer *et al.*, 2018; Bai *et al.*, 2021; Sharma *et al.*, 2021). The value of exporters’ RC comes also from the relational competencies of parties (Vahlne & Bhatti, 2019), which stem from and lead to the ability to build high-quality long-term relationships, with knowledge sharing as a critical mutual process leading to performance advantages in export markets (Cuypers *et al.*, 2020). Knowledge processes in relationships reinforced by trust, social bonds, and cognitive processes (Urzelai & Puig, 2019) bring partners’ adaptability and flexibility, ability to diagnose and solve problems, readiness for information sharing and committing valuable resources. Combining partners’ strengths leads to the development of new knowledge, such as market-fitting products and innovations (Martín Martín *et al.*, 2022; Pigola & Costa, 2023). Moreover, RC is also an important facilitator of development of other critical success factors of exporting firms, e.g. export market intelligence and marketing capabilities (Pham *et al.*, 2017), competitive strategy in export markets (Franca & Rua, 2018), innovativeness and bricolage capability,

especially valuable when facing resource limitations (Chang & Huang, 2022), absorptive capabilities (Rua *et al.*, 2019), and human capital in general (Radulovich *et al.*, 2017).

Similarly to EE, firm's RC may also show its dark side (Sulimowska-Formowicz, 2018). Overembeddedness and too strong ties may limit the strategic view, resulting in ineffective learning processes, learning the wrong things and getting stuck in once-effective patterns. Studies show a paradox of combined positive and negative effects of repeating business relationships (Dyer *et al.*, 2018) and a curvilinear relationship with a positive effect of relational capital diminishing after obtaining a certain optimum (Oliveira & Lumineau, 2019). Firms tend to replace the process of creating the organization's own knowledge with the knowledge of the partner and its relational capital.

Concluding the above considerations, we can assume that:

- EE and RC are both firm-specific resources that positively affect the EP, although with different strengths of this influence due to different mechanisms of advantage creation associated with each of them;
- EE and RC specific to a given export market correlate positively with each other;
- The positive effect of EE and RC combined impact on the EP should be stronger than the sum of their separate effects, as together they form a stronger mechanism of organizational learning than separately, by fostering synergy effects in market-specific knowledge creation based on own and partner's experience and knowledge.

Psychic Distance Context for Export Performance

Psychic distance is a phenomenon of a dual nature and is defined as such. From a behavioural perspective, PD is a subjective state of mind of a decision maker concerning perceived differences between home and host countries of activities (Demirağ & Kayabaşı, 2024). The bigger the perceived differences, the stronger the feeling of anxiety and uncertainty towards the host country, which affects the quality of decisions and accuracy of actions on foreign markets. The perception of PD is not identical to a factual geographic, cultural or institutional distance. A more objective definition of PD points to sources of differences and states that psychic distance is a set of factors preventing or disturbing the flow of information between parties located in different countries, thus hindering their processes of learning and understanding the foreign market, which influences internationalisation decisions (Verbeke *et al.*, 2018; Martínez Villar, 2021). These factors are associated with country-based diversities and dissimilarities of language and communication style, cultural factors, economic situation, and institutional environment.

Moreover, PD may be directly influencing company effectiveness although there is a paradox visible in companies' behaviour, which may be related to prior foreign experience. Assumptions on a cultural similarity of markets may disturb the accuracy of learning about critical differences between these markets and result in lower effectiveness. At the same time, firms operating under high levels of PD may be more effective as they take the risks and adapt to the situation while underestimating the differences (Evans & Mavondo, 2002) or tend to be over-prepared to the conditions that may be faced in markets which they perceive as distant, thus problematic (Sousa & Lengler, 2009). Firms may also regard a high PD context as a driver of learning processes (Nordin & Lindbergh, 2019).

Patterns of Dealing With PD in Search for Export Performance

Exporting companies tend to develop different patterns of dealing with PD, some of which are more experience-based, while others rely more on relationships. We argue that PD constitutes a context for the deployment of these facilitators of export performance, whereby we can expect the level of PD to alter the relative relevance of export market experience and relational capital.

First of all, the aforementioned theoretical underpinnings alongside the available empirical evidence suggest that EE should generally be conducive to EP regardless of the PD level in that market. Within the internationalisation process, learning is based on past experience and occurs under conditions of risk, uncertainty, and partial ignorance in all network units, both internal and external (Clarke & Liesch, 2017; Santangelo & Meyer, 2017). The uncertainty comes from objective risk factors, re-

flected by PD indicators, which create a context for the effectiveness of all learning processes, *i.e.* experiential learning, self-development, and network-based learning.

In markets perceived as not particularly distant, exporters can easily leverage their understanding of similar business practices, cultural norms, and regulatory environments (Šeinauskienė *et al.*, 2022). Experience can help firms reduce the uncertainty associated with operating in a foreign market, especially in contexts in which the firm's existing knowledge and experience are more directly applicable (Chen & Kim, 2021). Operating experience in a specific market allows firms to better allocate resources and make ongoing decisions, likely leading to higher efficiency (Sousa & Lengler 2009).

In the contexts of higher PD, foreign market experience can help firms to overcome the greater challenges due to the aforementioned differences in culture, language, business practices, and regulations (Trąpczyński & Banalieva, 2016). Operating in high PD markets often requires firms to adapt their products, services, and strategies to local conditions. Firms with more experience in a market are likely to be better at this adaptation process (Ciszewska-Mlinarič & Trąpczyński, 2019; Martínez Villar, 2021; Demirağ & Kayabaşı, 2023). Therefore, we posit the following:

H1: Export market experience positively influences export performance in both high and low psychic distance markets.

Another strategy of coping with distance-based uncertainties relies on the use of support from knowledgeable local partners in host markets, which requires RC (Vahlne & Bhatti, 2019; Wójcik & Ciszewska-Mlinarič, 2021). Ties with partners in key host markets are assets critical to decisions regarding the geography of a company's international growth (Cuyppers *et al.*, 2020), including decisions to build export markets portfolio out of more or less distant countries. Furthermore, RC which involves trust and durable cooperation, can lead to more efficient and effective business operations. This is particularly true in low PD markets with potential ease of sharing norms and values that can facilitate trust-building (Arnone & Deprince, 2016). However, in the context of high PD between markets, as *e.g.* in the case of cooperation of firms from emerging and developed markets, the success in internationalisation requires adopting strategies that minimize the effects of liabilities of outsidership. Developing relationships with local entities helps to gather market knowledge and relationship-specific knowledge about business partners (Ferrerias-Mendez *et al.*, 2019; Li & Fleury, 2020). Strong relationships can help to mitigate the operational risks including political or regulatory risks (Dinner *et al.*, 2019) and enable the overcoming of cultural barriers thus leading to effective business practices and improved EP (Matos *et al.*, 2022).

In conclusion, regardless of the PD level, RC can lead to improved EP by enhancing communication, building trust, providing access to local networks, overcoming cultural barriers, increasing local market knowledge, mitigating risk and exploitation of partners' resources. Thus, we posit the following:

H2: Relational capital positively influences export performance in both high and low psychic distance markets.

However, the mechanisms through which EE and RC lead to improved performance may vary depending on the perception of the market's PD by the export manager. For low PD markets, EE can be argued to have a stronger performance effect due to higher familiarity and ease of doing business in a more similar environment (Demirağ & Kayabaşı, 2023). In low PD markets, the firm's existing knowledge and experience are more directly applicable (Chen & Kim, 2021). In high PD markets, exporters face greater challenges due to differences in culture, language, business practices, and regulations (Bodlaj & Vida, 2018). While experience can help firms learn to overcome these barriers, the learning curve may be steeper and the positive effects of experience may take longer to materialise, leading to a weaker relationship between experience and performance (Šeinauskienė *et al.*, 2022). Moreover, while firms with more EE are likely to be better at this adaptation process, the challenges associated with adaptation in high PD markets may weaken the positive relationship between experience and performance (Virvilaitė & Šeinauskienė, 2015). High PD markets are often associated with greater risk and uncertainty. While experience can help mitigate some of these risks (Martinez Villar, 2021), the inherent challenges and uncertainties of high PD markets may weaken the positive relationship between experience and performance (Chen & Kim, 2021). Therefore, we hypothesised:

H3: The positive relationship between export experience and export performance is weaker for markets of higher psychic distance.

In low PD markets, the ease of communication due to shared language and cultural norms can enhance the quality of relationships with partners, leading to improved EP (De Netto *et al.*, 2021). In such markets, RC can be built up more easily, while the shared understanding and common practices facilitate communication and cooperation between the exporter and its foreign partners (Mansion & Bausch, 2020). The strong RC leads to high-quality relationships which in turn mitigate risks of foreign operations connected with power exerting behaviours of business partners (Siemieniako *et al.*, 2023). However, in high PD markets, the role of RC becomes even more crucial. While building RC in such markets can be challenging due to differences in communication styles, negotiation tactics, and business ethics, these challenges make RC a key determinant of export success (Qiao & Wang, 2021). Overcoming these obstacles to develop trust and commitment can lead to a stronger and more resilient RC. Therefore, in high PD markets, the positive relationship between RC and EP can be expected to be stronger, as the value of RC is amplified. Hence, we hypothesised:

H4: The positive relationship between relational capital and export performance is stronger for markets of higher psychic distance.

Finally, we expect that the relative relevance of EE and RC will vary between the context of low and high PD. In markets with low PD, not only do the home country and the export market share similar business practices, cultural norms, and legal systems, but the business environment tends to be more stable, making the company's accumulated experience over time more applicable and valuable (Johanson & Vahlne, 2011). The familiarity of these markets facilitates the learning process, allowing companies to quickly adapt and respond to market changes based on their own experience. Moreover, in markets with low PD, companies can build legitimacy over time more easily through their consistent presence and a proven performance reputation (Prashantham *et al.*, 2019). In contrast, in markets with high PD, RC can play a more crucial role than own experience for a number of reasons. Firstly, high PD markets often tend to be less stable (Håkanson & Ambos, 2010), so the applicability of a firm's experience may be limited. Firms relying on their own experience may either simplify assumptions concerning distance and take risks even if not ready (Evans & Mavondo, 2002) or gather knowledge and get over-prepared to distant markets due to cautiousness (Sousa & Lengler, 2009). Accordingly, more extensive relationships with local partners can help navigate these uncertainties (Dinner *et al.*, 2019). As the unfamiliarity of markets can impede the learning process, it becomes faster and more effective to rely on relations with local partners to obtain up-to-date knowledge and overcome uncertainty (Wójcik & Ciszewska-Mlinarič, 2021). In high PD markets, building legitimacy towards local stakeholders is also crucial for efficiency (Smith *et al.*, 2011).

To sum up, while EE plays a significant role in low PD markets, the importance of RC increases in high PD markets. This 'substitution effect' suggests that as PD increases, relationships with foreign partners start to matter more for performance than the company's own experience measured in years of exporting to that market. Therefore, we hypothesised:

H5: In markets with higher psychic distance, the role of relational capital in explaining export performance is stronger than the role of export experience.

RESEARCH METHODOLOGY

Data Collection and Variables Operationalisation

The study was based on primary data obtained from Polish manufacturing firms, with at least 10 employees, exporting to at least two countries and showing at least 10% of foreign sales to total sales (FSTS).

We collected the data using CATI with export executives of 500 firms, in 2020. Further analyses focused on the sample of 278 exporters which indicated cooperation with foreign partners to develop business operations in the main export market and established export market-based relational capital.

As widely practised when respondents are reluctant to provide objective data, we opted for a subjective approach to measuring our dependent variable of export performance in line with previous research (e.g. Sousa *et al.*, 2009). Among the independent variables, we measured export market experience (EE) with the number of years since the entry into the major foreign market (e.g. Alcantara & Hoshino, 2012). We proxied relational capital (RC) by relationship quality measure adapted from Lages *et al.* (2005). The contextual value of psychic distance (PD) relied on the assessment of the level of several types of differences between Poland and the indicated foreign market in line with Puthussery *et al.* (2014).

Among the firm-level control variables, we included firm age (e.g. Sousa & Tan, 2015) and firm size in 2019, by employment (e.g. Hollender *et al.*, 2017). We captured export share with FSTS in 2019 (e.g. Trąpczyński & Halaszovich, 2022). Although not central in our conceptual framework, export share can co-determine foreign market performance with other firm-level variables (Barłóżewski & Trąpczyński, 2021), so it was controlled for, and the technological intensity of the sector as well. Table 1 summarises the variables measured on existing scales.

We verified the distributions of individual quantitative variables included in the models. To explore the effects of PD, we divided the data based on the median ($Me = 3.93$), creating groups with low PD ($n=152$, 30.4%) and high PD ($n=126$, 45.3%). We transformed the variables involved in the statistical analyses based on the decimal logarithm (firm age, firm size, export share), as well as inversion (relational capital). As for EE and RC, we removed values exceeding the third standard deviation, constituting outliers. The Kolmogorov-Smirnov test revealed a distribution similar to the normal one only in the case of the company's experience gained in the largest export market. However, after the aforesaid transformations, the skewness ranged from -2 to 2, which allowed us to implement linear regression analysis because the remaining assumptions of this analysis were met.

RESULTS AND DISCUSSION

To verify our research hypotheses, we ran OLS regression analyses with IBM SPSS 23. To capture the contextual role of PD, we computed the full models with independent variables for the whole sample, as well as for sub-groups with PD values below and above the median for the sample. We also compared the coefficients of each hypothesised variable (e.g. Dikova, 2009). We built the models hierarchically. Initially, we included control variables and EE and in the second step, we added RC. Before the regression analysis, we verified its assumptions as fulfilled. We removed outliers based on values greater than $|3|$ standardised residuals and a significant result of the Mahalanobis distance test at the level of $p < 0.001$. Table 2 contains the results of this analysis.

In the full sample models, EE did not turn out to be a significant predictor of EP. The addition of RC to the full sample model resulted in an increase of explained variance from 16% to 19%, whereby RC was a strong positive predictor of EP.

In the low PD sub-sample, the basic model was well-fitted and explained 17% of the EP variance. Moreover, EE was not a significant predictor in this model. The addition of RC to the low PD sub-sample resulted in an increase of explained variance of 2% and demonstrated a significant effect of RC.

For the high PD sub-sample, analogical two models explained 19% and 22% of the EP variance, respectively. Again, RC turned out to be a significant predictor of EP. The increase of RC positively affected EP, while EE did not explain EP in either model.

Therefore, H1, according to which EE influences EP positively in both high and low PD markets was not supported. Likewise, H3 on the positive relationship between EE and EP weaker for markets with higher PD, was not supported, either.

At the same time, we supported the hypotheses related to RC. Thus, H2 assuming that RC influences positively EP in both high and low PD markets was supported. Furthermore, H4, stating that the positive relationship between RC and EP is stronger for markets of higher PD was reinforced, based on the comparison of regression coefficients, as well as levels of statistical significance between the low and high PD sub-samples. We also found support for H5, which claims that in markets with higher PD, RC is a stronger predictor of EP than EE.

Table 1. Summary of scales

Variable	Measurement	Cronbach Alpha
Export performance (EP)	How do you evaluate your performance in 2017-2019 in the largest export market (as of 2019) with regard to the items below, on a scale where 1 – significantly below expectations, 4 – in line with expectations, 7 – significantly above expectations: – Sales volume – Sales profitability – Return on sales-related investment – Financial liquidity – Market share increase – Marketing efficiency – Distribution efficiency – Reputation with clients – Overall performance satisfaction	0.89
Relational capital (RC)	Please evaluate the statements below with regard to the cooperation with the key partner in the largest export market (as of 2019) on a scale where 1 – I definitely disagree, 7 – I definitely agree: – Our relationship is characterised by a high level of mutual trust – Our relationship is based on a mutual exchange of experiences and knowledge-sharing – Our relationship is based on mutual commitment and common goals – Once misunderstandings arise, we solve them considering the interests of both parties	0.72
Psychic distance (PD)	Please evaluate the level of differences between Poland and the largest export market (as of 2019) with regard to the aspects below, on a scale where 1 – no significant differences; 7 – very significant differences: – culture (traditions, norms, and values) – Language – people's behaviour – way of thinking – interpersonal relationships – geographical distance (climate, time zones) – level of advancement in applied manufacturing technologies – level of education – political-legal environment – adopted business practices – logistics infrastructure – industry regulations – business ethics – utilisation of the Internet and modern information technologies in business	0.86

Source: own study.

A firm's market-specific relational capital positively affects export performance, this relation is stronger for more distant markets, which proves observations suggesting the role of local partner's embeddedness and knowledge. The more distant the export market, the higher the effectiveness potential built on relational capital. Companies tend to actively use it to diminish the negative influence of distance. Thanks to the capital of knowledge about opportunities and ways of operating in foreign markets, it is possible to compensate for the lack of own experience and draw on the partners' knowledge (Oparaocha, 2015). High-quality relationships stemming from relational capabilities lead to improvements in export performance (Malca *et al.*, 2021). Relationship social capital helps reduce feelings of psychic distance and influences decisions about entering foreign markets (Bai *et al.*, 2022). The potential of social capital determines the form of entry in relation to the decision to choose alternative modes of coordination, *i.e.* hierarchy, contract, or relational mechanism, or some form combining the merits of each (Asmussen *et al.*, 2022; Narula *et al.*, 2019; Strange & Humphrey, 2018).

Table 2. OLS regression results

Model	Variables	Psychic distance: low (<i>n</i> = 140)			Psychic distance: high (<i>n</i> = 122)			Full sample (<i>N</i> = 262)		
		<i>B</i> (<i>SE</i>)	β	<i>t</i>	<i>B</i> (<i>SE</i>)	β	<i>t</i>	<i>B</i> (<i>SE</i>)	β	<i>t</i>
1	Firm age ^a	0.23 (0.58)	0.06	0.39	-0.39 (0.49)	-0.13	-0.81	-0.10 (0.38)	-0.03	-0.26
	Firm size ^a	0.13 (0.09)	0.11	1.40	0.12 (0.09)	0.11	1.28	0.13 (0.06)	0.12	2.08*
	Export share ^a	-0.95 (0.20)	-0.40	-4.83***	-0.79 (0.20)	-0.35	-3.89***	-0.89 (0.14)	-0.38	-6.18***
	Technological intensity	Reference level: low technological intensity								
	Medium	-0.14 (0.12)	-0.11	-1.17	0.23 (0.13)	0.17	1.76 ⁺	0.01 (0.09)	0.01	0.16
	High	0.09 (0.13)	0.06	0.65	0.12 (0.12)	0.09	0.96	0.11 (0.09)	0.08	1.19
	EE	-0.01 (0.02)	-0.07	-0.47	-0.01 (0.01)	-0.06	-0.39	0.00 (0.01)	-0.05	-0.46
2	Firm age ^a	0.19 (0.57)	0.05	0.34	-0.26 (0.48)	-0.08	-0.53	-0.08 (0.37)	-0.02	-0.22
	Firm size ^a	0.14 (0.09)	0.13	1.56	0.12 (0.09)	0.11	1.31	0.14 (0.06)	0.13	2.20*
	Export share ^a	-1.01 (0.20)	-0.42	-5.09***	-0.84 (0.20)	-0.37	-4.19***	-0.93 (0.14)	-0.39	-6.51***
	Technological intensity	Reference level: low technological intensity								
	Medium	-0.18 (0.12)	-0.14	-1.46	0.22 (0.13)	0.16	1.66 ⁺	-0.02 (0.09)	-0.01	-0.17
	High	0.09 (0.13)	0.06	0.68	0.13 (0.12)	0.10	1.07	0.11 (0.09)	0.08	1.25
	EE	-0.01 (0.02)	-0.07	-0.49	-0.01 (0.01)	-0.07	-0.48	-0.01 (0.01)	-0.05	-0.50
RC^b	-0.77 (0.43)	-0.15	-1.81⁺	-1.00 (0.44)	-0.19	-2.27*	-0.84 (0.30)	-0.16	-2.77**	
1	<i>F</i>	4.68***			4.44***			8.13***		
	<i>df</i>	6.134			6.116			6.256		
	<i>R</i> ²	0.17			0.19			0.16		
2	<i>F</i>	4.55***			4.68***			8.25***		
	<i>df</i>	7.133			7.115			7.255		
	ΔR^2	0.02 ⁺			0.04*			0.03**		
	<i>R</i> ²	0.19			0.22			0.19		

Note. Dependent variable: Export performance. *** - $p < 0.001$; ** - $p < 0.005$; * - $p < 0.05$; + $0.05 < p < 0.01$. ^a – variables transformed based on the decimal logarithm; ^b – variables transformed based on inversion (hence the reverse interpretation of the indicator).

Source: own study.

The impact of experience understood as a longer tenure in this market is insignificant. Therefore firms should not assume that the very duration of market presence would automatically bring any advantage to export performance. Instead, EP is rather affected by the awareness of distance from the very beginning, which induces firms to be more diligent, particularly when entering distant markets. Knowledge about them is acquired before entering, as higher objective distance requires actions to reduce the uncertainty associated with its subjective perception. Managing uncertainty and entry risk means that companies do not need to learn markets for so long and the experience related to the time of operating on them does not improve the efficiency obtained at some point. It can be assumed that it stabilises after the initial growth or has an inverted U-shape as a result of inertia related to relying on past experience.

In the case of exporting to distant markets, the prediction of EP by the quality of market-specific relations instead of the years of presence in the market may indicate the adoption of export intermediation strategies and building of lasting ties in supply chains as the dominant forms of presence in foreign markets. Taking care of the quality of relations that bring the opportunity to stabilise the effectiveness of export activities seems to be the dominant strategy of the surveyed firms. Companies might see there the possibility of achieving greater benefits by using the potential of a partnership than by acquiring market-specific knowledge on their own. Participation in trust-based relationships may lead to lowering the subjective psychic distance of decision-makers operating on objectively distant markets, thus it may mitigate the uncertainty and entry risks (Vahlne & Johanson, 2021). Moreover, RC may be affecting export performance in distant markets due to its role as a facilitator in filling in the gaps in company's resources necessary to overcome liabilities of outsidership. Quality of relationships is important for EP in distant export market as it builds the foundations for minimising transaction costs and for more effective usage of joint resources and knowledge (Strange & Humphrey, 2018, Urzelai & Puig, 2019). Furthermore, RC may also stabilize relationships in export markets, diminish the negative effects of dissimilarity and asymmetry of information (Navarro-García *et al.*, 2016), enable participation in business networks, which can reduce uncertainty levels brought by PD-related factors and thus enhance the propensity to pursue non-predictive strategies in dealing with liabilities of foreignness and outsidership (Bai *et al.*, 2022).

There is also a need to explain how firms manage uncertainty and entry risk. If pre-entry preparation and relationships building prevail, then firms do not need to prolong their presence in foreign markets as it may not be a guarantee of learning. The same time the question arises about the value of such an approach for building firm-specific export market advantages. High-quality relations may pay off for the status quo, which means safety, but thus prevents companies from being more expansive in market penetration even with growing experience (longer lasting presence), especially in uncertain and distant environments (Leonidou *et al.*, 2017; Dyer *et al.*, 2018)

CONCLUSIONS

The results only partially confirm the general assumptions about firms' export experience and relational capital's positive effect on export performance. Market-specific export experience impact showed up to be statistically insignificant in our sample (H1, H3 not supported). Market-specific relational capital has proven to be a positive determinant of export performance in relevant markets (H2, H5 supported). Relational capital's influence on export performance is stronger for markets characterised by higher psychic distance than those less distant (H4 supported). Given the limited sample size and taking into account the relatively limited level of explained variance in the performance variable, our findings obviously have to be treated with caution.

The insignificant relationship between market-specific EE and EP may suggest that the companies in our sample did not build on prolonging their presence in certain export markets. We cautiously assume that firms' cumulative effect of learning from different markets matters more here. Companies implement this general foreign market knowledge together with market-specific relational capital. The exporters under study care about the quality of relationships with foreign partners as it grants them access to

resources available through partners' local embeddedness, which potentially helps in diminishing the liabilities of foreignness and outsidership as suggested in extant literature (Strange & Humphrey, 2018). Nevertheless, firms adapt foreign market learning process to broad sets of situational factors and may apply different learning strategies (Nordin & Lindbergh, 2019), which will finally affect EP levels.

Although not free from limitations, our research results highlight the need for managers to pay closer attention to the effects of own and collaborative experiential learning and possibilities to use a combination of strategies dealing with PD, exploiting the joint potential of own and partners' market knowledge and commonly developed export-market related capabilities. Managers should prioritise developing high-quality relationships with local partners in markets with high PD. These partnerships must provide critical market-specific knowledge, reduce uncertainties, and facilitate smoother market entry and operations. By investing in trust-building and long-term commitments, firms can leverage local partners' embeddedness to overcome the liabilities of foreignness and outsidership. Meanwhile, managers should recognise that export experience from market tenure alone may not always translate to improved performance, especially in high PD markets. It is essential to adapt strategies based on specific market conditions and continuously update knowledge to stay relevant. This includes customising products and services to meet local demands and preferences. More generally, exporters should encourage experiential learning by entering diverse markets and relationships, which would result in a broad base of international experience. This can enhance a firm's ability to recognise and exploit new opportunities, making them more resilient and adaptable to different market contexts and less susceptible to the aforementioned biases.

Further academic research is needed to search for the exact profits from RC as an enabler of EP, paying attention to the stability of relational rent and the balance between the bright and dark sides of relational experience (Dyer *et al.*, 2018; Villena *et al.*, 2020). We are aware that the approach to analysis of the impact of PD context on export effectiveness based on comparisons between subsamples dealing with high and low PD may be a limitation, thus, we argue that the results presented shall be treated with adequate caution, and this aspect opens avenues for research using more sophisticated modelling. Our research adds to those exploring 'whether distance matters' and further research shall concentrate on in-depth analyses of 'why and how it matters' as a context for export activities and organizational capabilities development (Lumineau *et al.*, 2021, p. 1646).

Although our measure of EE is popular among scholars, it may not be a good proxy of experience defined as cumulated knowledge. Since cumulated experience may be a source of learning the right things but also learning the wrong things or not learning at all along the years of market presence, there is a need to use more developed indexes of experience, reflecting the occasions to learn (Sulimowska-Formowicz, 2018). Moreover, measures indicating market-specific knowledge stemming from experience would be of value (Lawless & Studnicka, 2024a,b).

The insignificant result for EE influence on PE in our analysis draws attention to the methodical aspect of measuring experience. Simple measures based on the length of experience are quite popular proxies for relatively complex promises of value stemming from such experience, namely knowledge of different kinds, which seems to be an unfair simplification. Experience seen as the resource allowing firms to deal effectively with PD-related complexities is not the one connected with years spent in the market but rather with a number of different markets entered with years (Martinez Villar, 2021). We shall conclude important for the methodology of future research. To capture the impact of experience as a proxy of organisational knowledge we shall rather build measures of experience in accordance with definitions assuming that experiential knowledge comes from sets of specific occasions and processes, so we need to look for specific types of experience, areas of its accumulation, not only duration. Experience shall be analysed from the perspective of the nature of learning opportunities and the knowledge that arises from the use of these opportunities.

Finally, we can suggest some more research directions. Since experience measured by time brings imprecise results because there is no guarantee that time spend on an activity equals knowledge accumulation, we should look for consistency in explanations of experience and measures confirming the subsequent emergence of specific types of knowledge. We should also analyse path relationships between experience and its consequences in the form of acquired competences, which may then directly

impact performance, thus mediating the relationship between experience and results. A valuable avenue of research would be to support the logic of the state and change factors proposed in the Uppsala model along with the relations between the market-specific effects of experiential learning and internationalisation capabilities potentially boosted by resources of market-specific relational capital in the context of different levels of market uncertainties. Given the recent observations of curvilinear relationships between RC and performance outcomes, it would also be valuable to explore the long-term value of RC for EP, especially in challenging environments (Dyer *et al.*, 2018; Oliveira & Lumineau, 2019).

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Conflict of Interest

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